

Michael O. Leavitt Governor Kathleen Clarke Executive Director Lowell P. Braxton Division Director 1594 West North Temple, Suite 1210 PO Box 145801 Salt Lake City, Utah 84114-5801 801-538-5340 801-359-3940 (Fax) 801-538-7223 (TDD)

October 22, 2001

CERTIFIED RETURN RECEIPT 7099 3400 0016 8896 4523

William Bown Utah Building Stone Supply 842 West 400 North West Bountiful, Utah 84087

Re: **Division Directive** to Replace Reclamation Surety, Utah Building Stone Supply, Grouse Creek Mine,

M/003/031, Box Elder County, Utah

Dear Mr. Bown:

You have previously been notified that the Division was in the process of changing the surety rule standards for large mining operations. The Division's new surety rules (R647-4-113), were approved by the Board of Oil, Gas and Mining and became effective October 1, 2001. The rules now require that a surety company have a rating of "A-" or better, or a Financial Performance Rating of 8 or better, according to the A.M. Best's Key Rating Guide and be continuously listed on the Department of Treasury, Circular 570. The Division currently holds a surety bond issued by Far West Insurance Company in the amount of \$12,500 for your Grouse Creek operation. Currently, Far West Insurance Company has a Best's Rating of "C-."

Because the Grouse Creek Mine recently expanded beyond the 12.6 approved acreage to a total of 13.8 acres, the reclamation surety amount must be increased. The revised surety amount is \$16,700 (surety estimate enclosed).

Utah Building Stone Supply, is hereby directed to post a replacement surety in the amount of \$16,700 within 120 days of receipt of this letter or no later than February 25, 2002. Utah Mining Law does not allow a large mine to operate without a secure form of reclamation surety in place at all times. You will also need to replace the Reclamation Contract (Form MR-RC enclosed) which is tied directly to the reclamation surety. Please inform us as to what form of surety you propose to post so we can provide you with the current bonding forms. Please provide the Division with a "draft" of the new replacement surety and Reclamation Contract, so that we can check them for completeness and accuracy, before they are finalized.

If you have any questions regarding this letter, please call me at (801) 538-5306 or D. Wayne Hedberg at (801) 538-5286. Thank you for your immediate attention to this matter.

Sincerely.

Mary Ann Wright

Associate Director, Mining

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Enclosure: Form MR-RC, surety estimate

M03-31-surety.doc

1	RECLAMATION SURETY TIMATE	DRAFT		`		
2	Utah Building Stone Company		last revision	08/02/00		
3	Grouse Creek Operations	filename M003-	031.WB2			
4	M/003/031	Box Elde	er County			
5	Prepared by Utah State Division of Oil, Gas & Mining					
6	-No buildings or permanent structures are proposed.			· · · · · ·		
7	-Mine Access roads will be ripped, water barred, & broadcast seeded.					
8	-The 1.9 acres process/grading areas will be ripped, topsoiled & the area broadcast seeded.					
9	-Affected talus slope areas are included in the disturbed area (72 acres), but require no reclamation treatments.					
10	-Approximately 33.3 areas of talus slopes are BLM: approximatelt 36.7 acres of talus slopes are SITLA.					
11	-Access roads affect 34.1 acres; 22.2 acres will have a post mine land use: 11.9 acres require reclamation					
12	-Approximately 3.1 acres of BLM road reclaimed fall 1997, but unreleased; 8.5 acres to be reclaimed.					
13	-Total affected area = talus slopes + roads + staging area; 72.0 + 3	34.1 + 1.9 = 108	.0 acres.			j
14	-Total disturbed area requiring reclamation = private access road +	BLM access ro	ad sections +	staging		
15	-Total disturbed area requiring reclamation = 11.9 + 1.9 + 13.8 acr					
16	-The 1.9 acre road road has been excluded from reclamation due t		st by the priva			
17	Note: actual unit costs may vary according to site c		last unit ce		2-Aug-2000	
18	-Amount of disturbed area which will receive reclam	ation treatme	ents =	13.8 ac		
19	-Estimated total disturbed area for this mine =			13.8 ac		
20	<u>Activity</u>	Quantity	<u>Units</u>	<u>\$/unit</u>	<u>\$</u>	Note
32				004	50.4	(0)
33	Ripping process/grading areas	1.9	acre	281	534	(9)
34	Binning nit access reads	ΩΩ	acre	281	2,473	(9)
36 43	Ripping pit access roads	0.0	acie	201	2,475	(3)
43	Topsoil replacement - staging area - 8 inches, 1 acre	1076	CY	0.50	538	(12)
51			-			
	i Broadcast seeding	13.8	acre	200	2,760	(00)
	Broadcast seeding	13.8	acre	200	2,760	(00)
54			acre acre	200 50	2,760 875	(00)
	General site cleanup & trash removal				·	
54 55		17.5			·	
54 55 56	General site cleanup & trash removal	17.5	acre	50 1000	875 2,000	(00)
54 55 56 57	General site cleanup & trash removal	17.5	acre equip days	50	875 2,000 3,860	(00)
54 55 56 57 58	General site cleanup & trash removal Equipment mobilization Reclamation Supervision	17.5	acre equip	50 1000	875 2,000 3,860 13,040	(00)
54 55 56 57 58 59	General site cleanup & trash removal Equipment mobilization	17.5	acre equip days Subtotal	50 1000	3,860 13,040 1,304	(00)
54 55 56 57 58 59 60 61 62	General site cleanup & trash removal Equipment mobilization Reclamation Supervision 10% Contingency	17.5	acre equip days	50 1000	875 2,000 3,860 13,040 1,304 \$14,344	(00)
54 55 56 57 58 59 60 61 62 63	General site cleanup & trash removal Equipment mobilization Reclamation Supervision	17.5	acre equip days Subtotal	50 1000	875 2,000 3,860 13,040 1,304 \$14,344 2,382	(00)
54 55 56 57 58 59 60 61 62	General site cleanup & trash removal Equipment mobilization Reclamation Supervision 10% Contingency Escalate for 5 years at 3.12% per yr	17.5	acre equip days Subtotal Subtotal	50 1000 386	875 2,000 3,860 13,040 1,304 \$14,344	(00)

NOTE - ADJUSTMENTS TO UNIT COSTS IN ITALICS ON THIS PAGE WILL RIPPLE THROUGH TO THE OTHER 2

\$1,210

- Means 2000 & Blue Book 3Q/00: Cat D8N, U, multi shank rippers, speed 0.8 mph
- Means 2000 & Blue Book 3Q/00: Cat D8N, U, multi shank rippers, speed 0.8 mph (9)
- Means 2000 & Blue Book 3Q/00: Cat D8N, U, mtl 2550 lb/CY. 75 ft push (12)
- DOGM general estimate broadcast seeding (00)

Average cost per disturbed acre =

DOGM general estimate - drill seeding (00)

- DOGM general estimate hydroseeding (00)
- (00) DOGM general estimate site cleanup & trash removal
- (00) DOGM general estimate equipment mobilization
- (15) Means 2000, 01300-700-0180, project manager, minimum \$1,930/wk